



**KEY FACTS**

<b>Launch Date:</b>	April 2014
<b>Portfolio Category:</b>	South African - Equity - General
<b>Product Vehicle:</b>	Pooled, unitised fund policy as defined in the Long-term Insurance Act, 1988.
<b>Benchmark:</b>	FTSE/JSE Capped SWIX All Share Index*
<b>Minimum Investment:</b>	R5 million
<b>Fees:</b>	0.08% per annum. Fees exclude VAT.

**INVESTMENT DESCRIPTION**

The Capped SWIX Index Fund aims to deliver attractive long-term growth by mirroring the shares that make up the FTSE/JSE Capped SWIX All Share Index (SWIX). The SWIX has a track record of delivering long-term capital growth. Being a tracker portfolio, this fund benefits from substantially lower fees and significantly reduced uncertainty of asset class performance relative to the index.

**INVESTMENT OBJECTIVE**

The fund aims to generate a return in line with the FTSE/JSE Capped SWIX All Share Index. Its objective is to provide long-term capital growth.

**INVESTMENT COMPOSITION**

The fund invests in shares included in the FTSE/JSE Capped SWIX All Share Index, tracking the weightings of each company as closely as possible. Typically the fund will invest approximately 99% of the FTSE/JSE Capped SWIX All Share Index, covering large, medium and small markets capitalisation counters.

**RISK CHARACTERISTICS**

This is a moderately aggressive fund. Risk is reduced by investing in a diversified portfolio of shares with poor performance of one share likely to be offset by the stronger performance of other shares.

**SUITABLE INVESTORS**

The fund is aimed at cost-sensitive investors who seek capital growth over the medium to long term and have a tolerance for short-term fluctuations in performance.

**INVESTMENT TEAM**

The Fund is managed by the Indexation investment team within the Customised Solutions boutique.



**BERNISHA LALA**  
Head of Indexation  
& Portfolio Manager



**FRANK SIBIYA**  
Portfolio Manager



**ANELISA BALFOUR**  
Portfolio Manager

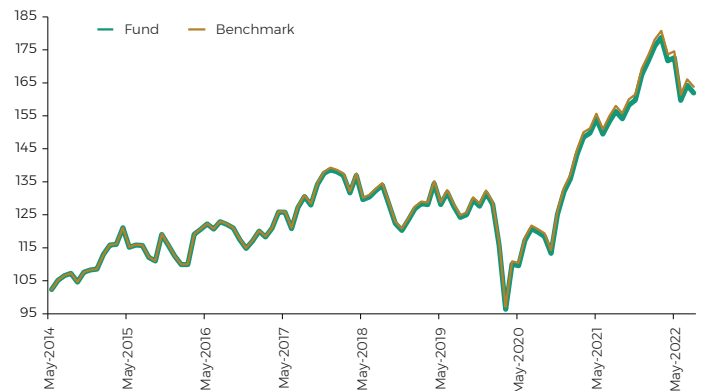
\* The benchmark changed from the FTSE/JSE SWIX All Share Index to the FTSE/JSE Capped SWIX All Share Index in June 2017.

**PERFORMANCE AS AT 31/08/2022**  
**Gross Composite Returns**

	3-Months	1 Year	3 Years	5 Years	Since Inception
Portfolio	-6.2%	3.6%	9.2%	4.4%	5.9%
Benchmark	-6.1%	3.7%	9.4%	4.6%	6.1%

Source: Old Mutual Investment Group

**FTSE/JSE SHAREHOLDER WEIGHTED INDEX**  
APRIL 2014 – AUGUST 2022



Source: Old Mutual Investment Group

**TOP TEN HOLDINGS AS AT 31/08/2022**

Holding	JSE Code	Sector	% of Fund
Naspers Ltd	NPN	Consumer Services	9.6%
Firststrand Ltd	FSR	Financials	6.0%
Anglo American Plc	AGL	Basic Materials	4.3%
Prosus Prx	PRX	Consumer Services	4.3%
Mtn Group Ltd	MTN	Telecommunications	4.2%
Standard Bank Group Ltd	SBK	Financials	3.8%
Sasol Ltd	SOL	Oil & Gas	3.5%
British American Tob Plc	BTI	Industrials	3.3%
Capitec Bank Hldgs Ltd	CPI	Financials	3.3%
Impala Plat Hldgs Ltd	IMP	Basic Materials	2.7%
<b>Total</b>			<b>44.9%</b>

Source: Old Mutual Investment Group

**QUARTERLY COMMENTARY (30 JUNE 2022)****Market Commentary:**

The local economy had a very strong start to the year with an 8% annualised GDP growth rate in the first quarter (up from 5.6% in Q4 of last year). PMIs, leading indicators, car sales and credit extended to corporates and households, have all improved further.

While the rand/US dollar exchange rate weakened during the first part of the second quarter, some reversal of this weakening occurred from around mid-May into June. The rand slipped from R14.65 at the start of the quarter to R16.24 by 9 May and subsequently recovered to around R15.50 by early June. The local currency weakened again later in June as uncertainty around the global economy mounted.

Uncertainty around the Russia/Ukraine war and its impact on the global economy, as well as a stronger dollar as the US Federal Reserve (the Fed) became more aggressive with policy tightening, had an impact on all emerging market economies. Supportive commodity prices, the improved SA political and policy environment, better growth outlook and substantial reduction in fiscal risk will likely help to keep the rand relatively stable over the next year or two. S&P's revision of their outlook for SA's debt from "stable" to "positive" is reflective of less fiscal risk and will also be supportive of the rand.

Inflation has moved roughly sideways during the first few months of this year – from 5.9% in December 2021 to 5.9% by April 2022. Headline inflation will likely peak around 7.3% in June, July or August – the timing depends on the war and oil and petrol prices. The extension of the fuel levy will help, but the path of oil prices is unclear, and we might get another petrol price shock when the fuel levy holiday expires. Excluding petrol, inflation is more subdued at 5.1%.

The SA Reserve Bank's interest rate normalisation cycle that started in November last year accelerated when the Monetary Policy Committee (MPC) decided to hike by 50 basis points (bps) in May. While the reality is that there was only one MPC meeting in the second quarter and this may have played a role in the decision to hike by 50 instead of 25bps, there seems to be a clear effort by the MPC to get the interest rate increases front-loaded, as they are concerned that recent price pressures might lead to a strong uplift in inflation expectations.

South Africa's prospects are continuing to improve – albeit at a slow pace and despite all the global headwinds and local negatives. Higher commodity prices, decent growth, continued fiscal consolidation, under-control inflation, moderate rate hikes, a stable rand and a healthy surplus on the current account – and hopefully improved politics – will all help lift confidence this year.

**Performance Commentary:**

The FTSE/JSE Capped SWIX Index detracted returning -10.65% for the quarter ended June 2022. The Mid- and Small Cap Indices returned -12.66% and -5.46% respectively. Technology turned around this quarter with a performance of 37.65%. Basic materials and telecommunications were the worst performing sectors for the quarter with returns of -21.56% and -25.36% respectively.

Some of the top individual stock performers in the index for the quarter ending June 2022 were Naspers Ltd, Grindrod Ltd and Prosus NV with returns of 42.3%, 32.9% and 32.6% respectively, while the main detractors were Hammerson PLC, ArcelorMittal South Africa Ltd and Quilter PLC with returns of -40.3%, -39.5% and -37.7% respectively.

**CONTACT DETAILS**

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